



Great Torrington School

Finance Regulations Manual

Finance Policy

Approving Committee:	Resources Committee / Full Governors
Minute Reference:	2024/25/RES/22 and 2024/25/FGB/28
Staff Sponsor:	School Financial Manager
Date of next review:	Autumn 2025
Placed on shared drive:	Yes
Placed on website:	No

Introduction

The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control that conform to the requirements both of propriety and good financial management. It is essential that these systems operate properly in order to meet the requirements of our funding agreement with the Department for Education (DfE) / Education and Skills Funding Agency (ESFA).

The Academy must comply with the principles of financial control outlined in the Academies Guidance published by the DfE / ESFA, including the Academy Trust Handbook. This manual expands on that publication and provides detailed information on the Academy's accounting procedures and should be read by all staff involved with our financial systems.

1. Organisation

- 1.1 The Academy has defined the responsibilities of each person involved in the administration of Academy finances in order to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Governing Body

- 1.2 The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of government. The main responsibilities include:
- a. Ensuring that any grant from the DfE / ESFA is used only for the purposes intended
 - b. Ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended
 - c. Approval of the annual budget
 - d. Authorising orders and the award of contracts over £50,000
 - e. Appointment of the Headteacher
 - f. Appointment of the School Financial Manager, in conjunction with the Headteacher

The Resources Committee

- 1.3 The Resources Committee is a committee of the Governing Body. The Resources Committee meets at least twice a term but more frequent meetings can be arranged if necessary.
- 1.4 The main responsibilities of the Resources Committee are detailed in written terms of reference that have been authorised by the Governing Body. The main responsibilities include:
- a. The initial review and authorisation of the annual budget
 - b. The regular monitoring and review of actual expenditure and income against the budget
 - c. Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE / ESFA guidance issued to Academies
 - d. Authorising orders and the award of contracts between £25,001 and £50,000
 - e. Authorising changes to the Academy personnel establishment
 - f. Reviewing the reports of the Internal Auditor on the effectiveness of the financial procedures and controls. These reports are also to be reported to the full Governing Body

The Headteacher

- 1.5 Within the framework of the Academy development plan as approved by the Governing Body, the Headteacher has overall executive responsibility for the Academy's activities including financial activities. The Headteacher will hold the post of Accounting Officer. Much of the financial responsibility has been delegated to the School Financial Manager but the Headteacher still retains responsibility for:

- a. Personal responsibility to Parliament for the financial resources under the trust's control
- b. Maintaining high standards of probity in the management of public funds particularly value for money, regularity and propriety
- c. Approving new staff appointments within the authorised establishment, except for any senior staff posts that the Governing Body has agreed should be approved by it
- d. Authorising orders and contracts between £10,001 and £25,000 in conjunction with the School Financial Manager
- e. Signing cheques/making payments in conjunction with the School Financial Manager or other authorised signatory

The School Financial Manager

- 1.6 The School Financial Manager works in close collaboration with the Head of Operations and Headteacher through whom he or she is responsible to the governors. The School Financial Manager also has direct access to the governors via the Resources Committee. The main responsibilities of the School Financial Manager are:
- a. The day to day management of financial issues including the establishment and operation of a suitable accounting system
 - b. The management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Governing Body
 - c. The maintenance of effective systems of internal control
 - d. Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
 - e. The preparation and monitoring of monthly management accounts
 - f. Authorising orders and contracts up to £10,000 in conjunction with budget holders
 - g. Signing cheques / making payments in conjunction with the Headteacher or other authorised signatory
 - h. Ensuring forms and returns are sent to the DfE / ESFA in line with the timetable in the DfE / ESFA guidance
 - i. Advising the Governors and Headteacher on investment decisions and strategy

The Internal Auditor (IA)

- 1.7 The Internal Auditor (IA) is appointed by the Governing Body and provides governors with an independent oversight of the Academy's financial affairs. The main duties of the IA are to provide the Governing Body with independent assurance that:
- a. The financial responsibilities of the Governing Body are being properly discharged
 - b. Resources are being managed in an efficient, economical and effective manner
 - c. Sound systems of internal financial control are being maintained
 - d. Financial considerations are fully taken into account in reaching decisions
- 1.8 The Internal Auditor will undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Governing Body. A report of the findings from each visit will be presented to the Resources Committee. Audit requirements are contained within the Academy Trust Handbook.

Other Staff

- 1.9 Other members of staff, primarily the Senior Leadership Team (SLT), the Senior Finance Officer, the Finance & Lettings Assistant and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff members are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Register of Interests

- 1.10 It is important for anyone involved in spending public money to be able to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy governors and senior staff members with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the

Academy may purchase goods or services. The register is open to public inspection.

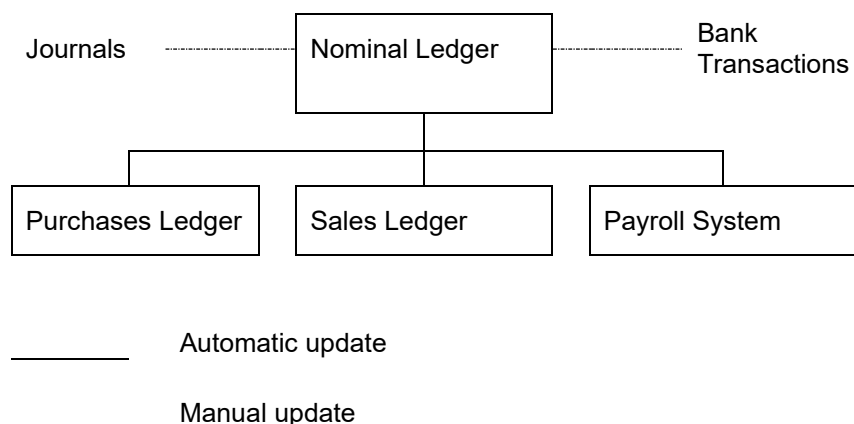
- 1.11 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation that may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 1.12 The existence of a register of business interests does not, of course, detract from the duties of governors and staff members to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

Segregation of Duties

- 1.13 One of the prime means of control is the separation of the responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction. Segregation of duties reduces the risk of error, mistake or intentional manipulation through checks built into the routine. Functions which should be separated include those of authorisation, execution, custody, recording (and in the case of a computer based accounting system), system developments and operations - see Appendix 1.

2. Accounting system

- 2.1 All the financial transactions of the Academy must be recorded on the CAPITA SIMS FMS accounting system. The academy payroll is currently administered by HROne (DCC) that use their own system for managing payments. The FMS system is operated by the Finance Department and consists of:



System Access

- 2.2 Entry to the FMS system is via the SIMS.net module. This is password restricted and the Head of Operations is responsible for setting up new users and resetting passwords. The need to change an individual's password will be automatically enforced by the system.
- 2.3 Access to the component parts of the FMS system can also be restricted and the Head of Operations is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 2.4 The Head of Operations is responsible for ensuring that there are effective back up procedures for the system. The whole platform is backed up into the SCOMIS Remote Backup Service (Attix) giving a daily backup for 30 days with a further 5 monthly rollup enabling selective restore of our data for up to 6 months in the past.
- 2.5 The SCOMIS Remote Backup Service is hosted with the Hosted Application Service at the SCOMIS

headquarters in Great Moor House. As part of the remote backup service functionality the data is automatically mirrored to their second data centre three miles away at County Hall.

- 2.6 The backup routines are spread across a number of servers and roles that mean that they cannot all run concurrently. In general, a backup takes place between 8pm and 8am. This should mean that in the unlikely event of a problem, such as one of our users making a non-recoverable change in Sims, we would always be able to restore to the previous night's backup position.
- 2.7 The data risk should link in with the annual assessment made by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 2.8 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised by the School Financial Manager or Senior Finance Officer once input into the accounting system. Bank transactions should be input by the Senior Finance Officer and the input should be checked, and signed to evidence this check, by the Senior Finance Officer / School Financial Manager.
- 2.9 Detailed information on the operation of the FMS system can be found in the user manuals stored within SIMS.net.

Transaction Reports

- 2.10 The School Financial Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:
 - a. Audit trail reports
 - b. Trial balance reports
 - c. Management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

- 2.11 The School Financial Manager / Senior Finance Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
 - a. Sales ledger control account
 - b. Purchase ledger control account
 - c. Payroll control account
 - d. All suspense accounts
 - e. Bank balance per the nominal ledger to the bank statement
- 2.12 Any unusual or long outstanding unreconciled items must be brought to the attention of the Headteacher / School Financial Manager. The Headteacher / School Financial Manager will review and sign all reconciliations as evidence of his review.

3. Financial planning

- 3.1 The Academy prepares both medium-term and short-term financial plans.
- 3.2 The medium-term financial plan is prepared as part of the development planning process. The improvement plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 3.3 The improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.

- 3.4 The improvement planning process and the budgetary process are described in more detail below.

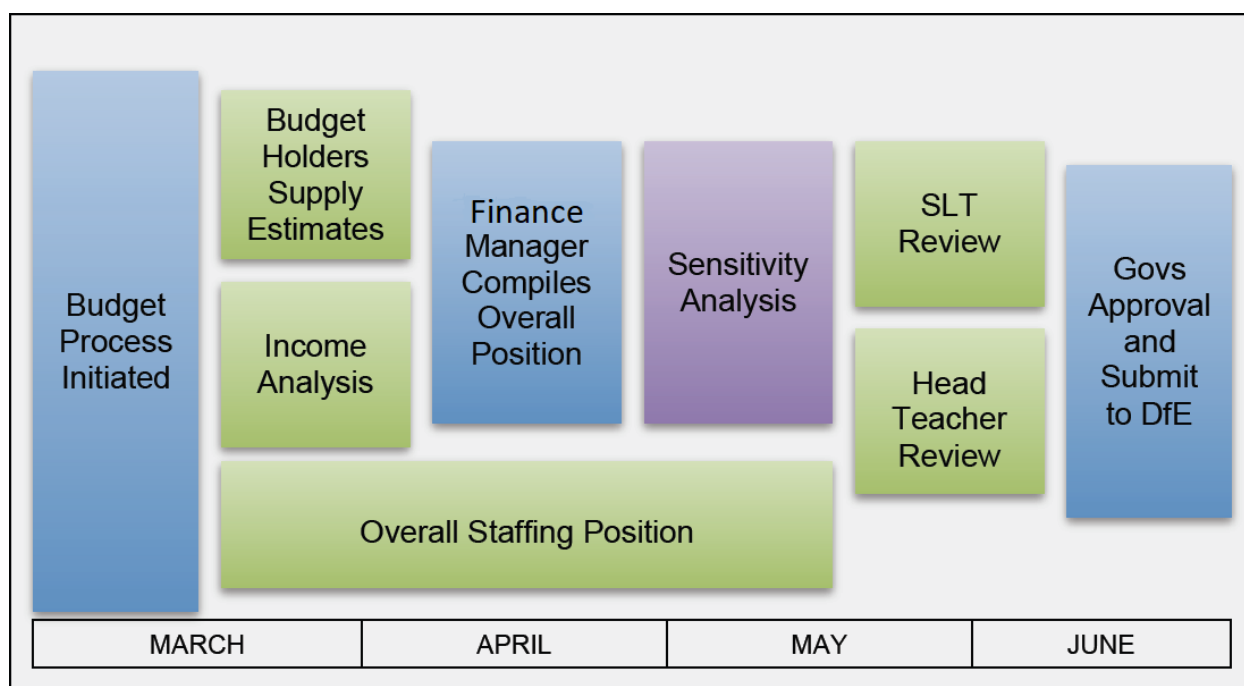
School Improvement Plan

- 3.5 The improvement plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the 'big picture' within which more detailed plans may be integrated.
- 3.6 The form and content of the improvement plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE / ESFA.
- 3.7 Each year the Headteacher will propose a planning cycle and timetable to the Governing Body that allows for:
- a. A review of past activities, aims and objectives - "did we get it right?"
 - b. Definition or redefinition of aims and objectives – "are the aims still relevant?"
 - c. Development of the plan and associated budgets – "how do we go forward?"
 - d. Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
 - e. Feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 3.8 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.
- 3.9 The completed improvement plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 3.10 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an Academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Senior Leadership Team on a quarterly basis. The Senior Leadership Team will report to the Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 3.11 The School Financial Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Resources Committee and the Governing Body. The budget should be approved annually by the Governing Body by 31 July at the latest.
- 3.12 The approved budget must be submitted to the DfE / ESFA in line with their agreed timetable each year and the School Financial Manager is responsible for establishing a timetable that allows sufficient time for the approval process and ensures that the submission date is met.
- 3.13 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the improvement plan objectives and the budgeted utilisation of resources.
- 3.14 The budgetary planning process will incorporate the following elements:
- a. Forecasts of the likely number of pupils to estimate the amount of DfE / ESFA grant receivable
 - b. Review of other income sources available to the Academy to assess the likely level of receipts
 - c. Review of past performance against budgets to promote an understanding of the Academy cost base
 - d. Identification of potential efficiency savings
 - e. A review of the main expenditure headings in light of the improvement plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes

The following diagram sets out an approximate timeline for budget setting during the financial year.



The critical path in the above timeline is the staffing position that becomes near certain at the end of May and the subsequent approval and submission to DfE / ESFA by 31 July.

The sensitivity analysis will look at a number of scenarios that will affect the medium term plan (e.g. Inflation and pay change assumptions) and will “test” the budget against these. The most probable will be the agreed final budget.

The information from budget holders will be presented, separating out core curriculum needs from significant improvements and enhancements that support the School Improvement Plan and the development of that particular area of the school. This will allow an appropriate level of challenge and scrutiny by the SLT.

The budget will be captured on a cost centre and nominal code basis allowing for analysis of expenditure across departments for example, printing consumables costs supporting the identification of possible efficiencies.

In order to support better tracking of expenditure throughout the year, where possible, costs should be profiled across the academic year. Given the complexity of activity across the school, this will not always be possible therefore a profile estimate based on school days or historical trends (where available) will be used.

Balancing the Budget

- 3.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

In compiling the budget, any carry forward from previous years will be ignored for the purposes of compiling a baseline budget that will exclude exceptional items of investment or improvements. This will test the sustainability of the budget and ensure the academy is not spending surplus on recurring costs. This may be permitted on a short term basis.

Barring exceptional circumstances, the academy will not submit a budget that is in deficit to the ESFA.

Finalising the Budget

- 3.16 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Financial Manager for approval by the Headteacher, The Senior Leadership Team, the Resources Committee and the Governing Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 3.17 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document that may need revising throughout the year as circumstances change.

Monitoring and Review

- 3.18 Monthly reports will be prepared by the School Financial Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher / SLT and the Resources Committee.
- 3.19 Budget holders are tasked with managing their own budget within their approved spending limits. They are not allowed to exceed their budget limits. Any potential overspend against the budget must in the first instance be discussed with the School Financial Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the School Financial Manager.
- 3.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. Budget virements of less than £15,000 can be agreed jointly by the Headteacher and the School Financial Manager. Virements over £15,000 must be authorised by the Resources Committee.

4. Payroll & Expenses

4.1 The main elements of the payroll system are:

- a. Staff appointments
- b. Payroll administration and expenses
- c. Payments.

Staff Appointments

4.2 The Governing Body has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Resources Committee, which must ensure that adequate budgetary provision exists for any establishment changes. Less significant changes such as changes to contracted hours are delegated to the Headteacher who will keep the Resources Committee informed.

4.3 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy / Assistant Headteachers and the School Financial Manager, whose appointments must follow consultation with the governors. The Headteachers PA maintains personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the Headteachers PA immediately. The Headteachers PA is responsible for entering and ensuring currency of contract details in SIMS and also filing the appropriate paperwork (subject to change) to ensure that the appropriate payroll action is taken. The contract information contained in SIMS forms the basis of reconciling actual salaries paid to individuals back to a contract of employment therefore the currency and accuracy of this information is essential. New staff can only be added to the payroll with the express approval of the Headteacher. New staff must complete all relevant payroll documents issued by the Headteachers PA. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Payroll Administration & Expenses

4.4 The Academy payroll is administered on the HROne (DCC) payroll package operated by HROne (DCC) Payroll.

4.5 All staff members are paid, on the 25th of each month. All notifications for payroll changes (including casual claims) need to be with our Payroll provider before the **11th of the month** in order to be processed in time for the payment date. A master file is created by HROne Payroll for each employee that records:

- a. Salary
- b. Bank account details
- c. Taxation status
- d. Personal details
- e. Any deductions or allowances payable

4.6 New master files can only be created by HROne payroll with the express approval of the Chair of Governors and / or Headteacher as per Appendix 1. /. Any salary changes or termination of staff from the payroll can only be made with the agreement of the Headteacher and the Resources Committee, which will be passed to the Headteachers PA for action. The Senior Finance Officer will complete the necessary Payroll input forms / spreadsheets that must be authorised by the Headteacher / Deputy Headteacher. The Finance Office is authorised by the Governing Body to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc.

4.7 The Staff Deployment Officer must provide HROne Payroll with details of sickness and other absences during the month for all staff in the Academy. The details are entered onto our payroll providers secure website to ensure that the appropriate absence pay is applied.

4.8 When an employee commences employment they will be asked to complete a form detailing the bank account in which they wish their salary to be paid. The details are then entered into iTrent by

the Head's PA. The Finance Office are automatically notified by BACS Payment Services if an employee switches banks using the "switching service". The Finance Office will forward the details to HROne who will amend the employee bank account details in iTrent. Any other changes to employee bank account details must be made by the employee in iTrent.

- 4.9 On a monthly basis the School Financial Manager will enter the payroll file into FMS by way of an automatic reconciliation process. This is done normally just before the 25th of the month. The data will be reviewed for the correct nominal coding and a comparison will be made on an individual employee basis for payments made month-by-month comparing that particular month with previous months. Any significant changes that do not form part of any standard salary increments or other planned changes must be investigated by the School Financial Manager.
- 4.10 In order to complete the payroll process a payment is required to be made to statutory third parties such as the Local Government Pension Scheme, Teachers Pensions, HMRC and other non-statutory salary deductions such as Trade union subscriptions. Payments to such bodies are contracted out to our payroll provider however the amounts should be compared against budgeted figures and previous trends on a monthly basis to ensure that any significant deviations are understood or rectified. On an annual basis the School Financial Manager will verify that for each member of staff, the gross pay specified in the payroll system agrees to the contract of employment held on the personnel file of the individual.
- 4.11 The Headteacher will annually issue a statement of salary to every member of teaching staff showing their gross pay as agreed in the STPRB document.
- 4.12 Travel and business expenses are currently processed through our payroll provider and will be paid to individuals as part of salary payments. Travel Expenses Claim Forms must be completed and submitted with supporting receipts to the Finance Office for processing. Once authorised by the Chair of Governors / Headteacher, The Senior Finance Officer will send the forms to payroll. Payments will not be made without receipts without the express agreement of the School Financial Manager. Expense claims should be submitted within one month of the expenditure being occurred. All staff travel and subsistence costs will be allocated to the appropriate curriculum cost centre.

Payments

- 4.13 All salary payments are made by BACS.
- 4.14 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACS payments for these amounts should be prepared and made by HROne Payroll by the due date.
- 4.15 The School Financial Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.
- 4.16 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Senior Finance Officer / School Financial Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

5. Purchasing

- 5.1 The Academy wants to achieve the best value for money from all our purchases. This means that we want to get what we need of the correct quality, in the correct quantity and timed at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:
 - a. **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy
 - b. **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its

affairs

- c. **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis

Routine Purchasing

- 5.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each term and budget holders are encouraged to keep their own records of orders placed but not paid for.
- 5.3 Routine purchases up to £1,000 can be ordered by budget holders; orders between £1,000 and £2,000 should be countersigned by the Senior Finance Officer. Orders in excess of £2,000 should be countersigned by the School Financial Manager / Headteacher. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the School Financial Manager.
- 5.4 All orders must be made, or confirmed, in writing using an official order requisition form, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Senior Finance Officer / School Financial Manager will check to ensure adequate budgetary provision exists before countersigning the order. When required, an email from the budget holder detailing the order and authorisation of spend will be accepted. In the event that the order is urgent, and the Finance Office are unavailable to process the order (for example due to holiday) the Site Manager and Head of Operations are authorised to place orders with suppliers from their budgets only. For items that are collected from local suppliers, where the price is not confirmed until collection, retrospective purchase orders will be allowed, however, the budget holder is responsible for ensuring they have sufficient budget to cover the purchase.
- 5.5 Countersigned orders are recorded on FMS in the orders placed section, allocated a reference number and dispatched to the supplier by the Senior Finance Officer.
- 5.6 The budget holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. Where a GRN is not received, a copy of the order can be requested from the Finance Office.
- 5.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Senior Finance Officer will keep a central record of all goods returned to suppliers.
- 5.8 All invoices received must be sent to the Finance Office. Upon receipt of an invoice the Finance Office will save an electronic copy of the invoice in the Finance Drive in the relevant folder. The School Financial Manager or Finance & Lettings Assistant will enter the invoice on FMS. The invoice will be emailed to the budget holder for confirmation of receipt of goods and authority for the invoice to be paid. Once confirmation is received the invoice can be marked in FMS as authorised. Any price differences will be advised in the email.
- 5.9 If a budget holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress. The invoice must be marked as 'on hold'.
- 5.10 At least every two weeks the School Financial Manager or Finance & Lettings Assistant will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the School Financial Manager. The School Financial Manager will indicate on the list the invoices that should be paid.
- 5.11 The School Financial Manager will then input details of payments to be made to the purchase ledger and generate the cheques / BACS payments required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories. BACS payments will

be notified to suppliers by email or post if an email address is not held. For BACS payments the release of funds can only be completed when two account signatories approve the payments on the Lloyds Commercial Banking online facility.

- 5.12 Cheques will be dispatched to suppliers by the Senior Finance Officer. The invoices will then be placed in the appropriate file.

Orders over £1,000 but less than £10,000

- 5.13 To identify the best source of the goods / services, at least two quotations should be obtained for all individual item purchases between £2,000 and £4,999 and three quotations for all individual item purchases between £5,000 and £9,999. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed or email confirmation of quotes has been received before a purchase decision is made. Where it is not possible to obtain the required number of quotes, the reason and / or a Value for Money Statement should be included on the purchase requisition and referred to the School Financial Manager and the Headteacher for approval.

Orders over £10,000

- 5.14 For all goods / services or individual item purchases with a value between £10,000 and £49,999 the School will obtain three quotations following the issue of a written specification and evaluation criteria. All goods / services ordered with a value over £50,000, or for a series of contracts that in total exceed £50,000 must be subject to formal tendering procedures. Purchasing at this level will always require Full Governing body approval and will be subject to a full tender. As a non "Schedule 1" listed entity under public procurement regulations the school must formally tender under EU procurement rules any expenditure likely to be above the thresholds stipulated by The Public Contracts Regulations 2015.. If above the stipulated threshold the requirement will have to be advertised in the Official Journal of the European Union. If a full EU tender is required, it's recommended that an external company co-ordinate this to ensure compliance.

Where it is not possible to obtain the required number of quotes, the reason and / or a Value for Money Statement should be included on the purchase requisition and referred to the School Financial Manager and the Headteacher for approval. If over £50,000 Full Governing body approval will be required.

Forms of Tenders

- 5.15 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- a. **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Head of Operations, who will liaise with the School Financial Manager, how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact them directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
 - b. **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 1. There is a need to maintain a balance between the contract value and administrative costs
 2. A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements
 3. The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
 - c. **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 1. The above methods have resulted in either unacceptable or no tenders at all
 2. Only one or very few suppliers are available
 3. Extreme urgency exists
 4. Additional deliveries by the existing supplier are justified

Preparation for Tender

- 5.16 Full consideration should be given to:
- Objective of project
 - Overall requirements
 - Technical skills required
 - After sales service requirements
 - Form of contract.
- 5.17 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

- 5.18 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.
- 5.19 An invitation to tender should include the following:
- Introduction / background to the project
 - Scope and objectives of the project
 - Technical requirements
 - Implementation of the project
 - Terms and conditions of tender
 - Form of response

Aspects to Consider

- 5.20 **a. Financial**
- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
 - Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
 - Is there scope for negotiation?
- b. Technical / Suitability**
- Qualifications of the contractor
 - Relevant experience of the contractor
 - Descriptions of technical and service facilities
 - Certificates of quality / conformity with standards
 - Quality control procedures
 - Details of previous sales and references from past customers.
- c. Other Considerations**
- Pre-sales demonstrations
 - After-sales service
 - Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after-sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

- 5.21 The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted via email, clearly marked to indicate they contain tender documents. The emails should be stored prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

- 5.22 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- a. For contracts up to £75,000 - the Head of Operations, the Headteacher, or a member of the Resources Committee;
 - b. For contracts over £75,000 – either of the Head of Operations, or the Headteacher plus a member of the Resources Committee.
- 5.23 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

- 5.24 The evaluation process should involve at least two people (see 1.13). Those involved should disclose all interests, business and otherwise, that might have an effect upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.
- 5.25 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 5.26 Full records should be kept of all criteria used for evaluation and for contracts over £75,000 a report should be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £75,000 the decision and criteria should be reported to the Resources Committee.
- 5.27 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
- 5.28 The accepted tender should be the one that is economically most advantageous to the Academy, unless there is a specific quality / service variance. All parties should then be informed of the decision.

Card Purchases/Online Purchases

- 5.29 The School has a charge card facility with Lloyds Bank with a £10k limit. Any changes in this limit must be approved by the School Financial Manager and Headteacher and communicated to the Resources Committee. Cards are held by the School Financial Manager and the Senior Finance Officer with a combined limit of £5k. These cards are for use with companies that we may not be able to establish an account with, or for specialist online retailers. Before using the card, the finance office will ensure that the company is not already registered on the system and that they will not accept purchase orders.
- 5.30 There is also a card allocated for use on school trips with a maximum limit of £5k. This card will be kept securely in the school safe when not required with a zero limit. If the card is to be taken on a school trip, the card will be signed out by the Senior Finance Officer to the trip leader or member of SLT. A limit will be agreed between the School Financial Manager and the trip leader and the limit implemented before the trip commences. Trip leaders must ensure that all expenditure on the charge card is accompanied by receipts
- 5.31 The charge card is settled in full each month and must not be used as a line of credit. The Senior Finance Officer will, on a monthly basis, reconcile the expenditure on all cards and must immediately notify the School Financial Manager of any transactions which can not be reconciled or are unidentified.

Staff Purchases

- 5.30 In exceptional circumstances, small purchases (generally less than £25) may be made by an individual on behalf of the school using their own money. Any expenditure by an individual must be approved in advance by the Budget Holder and School Financial Manager and a refund request made to the finance office using the relevant reimbursement form. A valid VAT receipt **must** accompany all expenses otherwise repayment may not be possible.

Amending Supplier Bank details

- 5.31 A number of Academies have been the victim of fraud relating to the amendment of a supplier's bank account details. In order to combat this situation, the following procedure should be followed at GTS:

Whenever the Academy receives a request from a supplier to amend their bank account details, the Senior Finance Officer, School Financial Manager or Finance & Lettings Assistant must contact the supplier, by telephone using the phone number that the Academy already holds, to confirm that the amendment request is genuine. Alternatively, the bank account details can be entered into the online banking portal to check that the account details match the account holder. If there is any suspicion or doubt about the request; the amendment must not be made until such time as further clarification is received from the supplier.

6. Income

6.1 The main sources of income for the Academy are the grants from the DfE / ESFA and Devon County Council. The receipt of these sums is monitored directly by the School Financial Manager who is responsible for ensuring that all grants due to the Academy are collected.

6.2 The Academy also obtains income from:

- a. Students, mainly for trips, catering, ad hoc materials, school uniform
- b. The public, mainly for lettings
- c. Other sources, such as those supporting the School Games Organiser and solar energy Feed in Tariff

As the accounts are required to meet both Companies House and Charity Law, we are required to account for the income and associated expenditure from separate income streams. This is known as Fund Management.

Core Income from the DfE / ESFA and Devon County Council

6.3 By the end of March each year a statement from the DfE / ESFA should be provided for the income due to the school for the following year. This details the total grant and provides a breakdown of central funding and local authority derived funding. Before the new academic year, it is common for the DfE / ESFA to provide a monthly breakdown of expected income. This should be tracked to ensure payments are correct and to support cash flow monitoring.

6.4 The income from DCC will be primarily associated with SEN support that remains locally funded.

6.5 All income from these sources will be added as a cash book journal in FMS.

Trips

6.6 A lead teacher must be appointed for each trip and take overall responsibility for its administration and execution. The lead teacher must initially prepare a Trip Costing Sheet for approval by the Senior Leadership Team and School Financial Manager, and as appropriate the trip details loaded into "Evolve".

6.7 Students should make payments at the Finance Office or online via Parentmail +pay. A receipt should be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

6.8 The Senior Finance Officer should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher as required and the lead teacher is responsible for hastening payment of any outstanding amounts.

Lettings

6.9 GTS has an external on-line booking system which must be used to request the booking of all school facilities outside of normal school hours.

In the first instance, The Lettings & Finance Assistant is responsible for approving all letting requests. In their absence, this is delegated to the School Financial Manager and / or the Senior Finance Officer.

6.10 Each month the provider of the external on-line booking system will remit to the school bank account receipts for the bookings from the previous month and this will be entered into FMS as Lettings Income with any associated fees being posted to expenditure.

Please see the Lettings Policy for further details.

Other Income

- 6.11 Other income comes from a variety of other sources which can include the local schools, University payments, School Games Organiser, Feed in Tariff etc.
- 6.12 If the funding is provided for a specific purpose then the income will need to be “fund managed” as described below. If the income is planned and expected at a particular time, an invoice should be raised and the debtor should be entered into FMS by the School Financial Manager / Senior Finance Officer.
- 6.13 All income will be put against the relevant Income cost centre and an appropriate nominal code. If there is uncertainty about the nominal code, advice should be sought from the School Financial manager.
- 6.14 On a monthly basis the School Financial Manager will run an aged debtor report from FMS and a course of action will be decided upon for any outstanding items.

Custody

- 6.15 All cash and cheques must be recorded in the till in the Finance Office and a till receipt issued to the payer. At the end of each day all monies from the till will be transferred to the safe, prior to banking. Banking should take place every six weeks or more frequently if the sums collected exceed the insurance limit on the Finance Office safe.
- 6.16 Monies collected must be banked in their entirety in the appropriate bank account. The Senior Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking event and must be reviewed and certified by the School Financial Manager.

Fund Management

- 6.17 The income to the school is classified in one of three categories that are described below with the appropriate treatment identified:
 - a. Restricted General Funds – Where funds are provided / obtained for a particular purpose for example:
 - 1. ESFA General Annual Grant (GAG)
 - 2. Other ESFA Funds
 - 3. Government Grants
 - 4. Sponsorship for particular events
 - 5. Gifts / Donations with restrictions attached
 - b. Restricted Fixed Asset Funds – Funds provided for specific capital purposes.
 - c. Unrestricted – Where funds are provided / obtained for no particular purpose and may be used by the school as deemed appropriate by the Governors but within the objects in the Academies governing documents.
- 6.18 Any income that is recognised, as Restricted should be coded into FMS as such, differentiating between the restricted income types.
- 6.19 Those staff members that are raising requisitions against a particular fund MUST indicate on the order requisition form with which Fund the order is associated. With this information the Finance Office will then ensure the order is placed against the correct fund.

Debt Recovery Procedures

- 6.20 The Academy will at all times seek to be sympathetic to and understanding of each individual debt situation. Action to enforce settlement of outstanding debts will be taken in all cases.

- 6.21 A debt is deemed overdue when at the expiry of 30 days from the date of invoice, no payment has been received in full nor have / recurring payment arrangements been put in place.
- 6.22 When a debt becomes overdue, Finance Office staff will instigate a series of actions as follows:
- 1st reminder letter asking the debtor to contact the Finance Office immediately to pay the amount outstanding or to make arrangements to pay
 - If there is no response to the 1st reminder letter within 7 days of issue, a 2nd reminder letter is sent giving 7 days to contact the Finance Office.
 - If there is no response to the 2nd reminder within the 7 days provided for response, a third letter, headed FINAL DEMAND will be sent, advising the debtor that failure to contact the Finance Office within a further 7 days will result in the debt being referred to a debt recovery agency (which incurs additional recovery charges that will be charged to the debtor).
 - After a further 7 days if the debt remains unpaid or no alternative arrangements have been put in place the full debt will be passed to Debt Collectors / Solicitors for action.
 - Should a recurring payment be cancelled prior to the expiry date or no payment is received on the due date, the full remaining debt becomes immediately due. In such cases the remaining debt will be passed to Debt Collectors / Solicitors for action.
- 6.23 As the main object of the reminder letters is to make contact with the debtor, in addition to these hard copy reminder letters, Finance staff will also send e-mail reminders and / or text messages and will also attempt to make telephone contact with the debtor as appropriate.
- 6.24 In the event that the Debt Recovery procedures do not bring about full repayment of the debt, the Academy may agree to write off any remaining balance. This decision will be taken by the Headteacher / School Financial Manager in consultation with the Governors.

7. Cash Management

Bank Accounts

- 7.1 The opening of all accounts must be authorised by the Governing Body. The Academy currently holds the following bank accounts:

Lloyds Bank – Main School Current Account.
Lloyds Bank – School Fund Current Account

The bank mandate specifies that two signatures are required to authorise transactions.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds are also subject to the same level of control.

Deposits

- 7.2 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit
 - A reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

- 7.3 All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:
- Headteacher
 - Deputy Headteacher
 - School Financial Manager

d. Senior Finance Officer

- 7.4 This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body of the Academy. Where possible authorised signatories should not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Reconciliation

- 7.5 The School Financial Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- a. All bank accounts are reconciled to the Academy's cash book
 - b. Reconciliations are prepared by the Senior Finance Officer
 - c. Reconciliations are subject to an independent monthly review carried out by the School Financial Manager or in their absence the Internal Auditor
 - d. Adjustments arising are dealt with promptly

Petty Cash Accounts

- 7.6 The Academy maintains a maximum petty cash balance of £250. The petty cash is administered by the Senior Finance Officer.

Petty Cash Deposits

- 7.7 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Petty Cash Payments and Withdrawals

- 7.8 In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque / BACS directly from the main bank account as a sundry payment.

Petty Cash Reconciliation

- 7.9 The Senior Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis. A reconciliation of the petty cash must be carried out monthly by the Senior Finance Officer. Unannounced cash counts should also be undertaken by the School Financial Manager to ensure that the cash balance reconciles to supporting documentation.

Physical Security

- 7.10 Petty cash is held in a lockable cash box during the day and securely retained in the Finance Office safe overnight.

Cash Flow Forecasts

- 7.11 The School Financial Manager is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

Investments

- 7.12 The Governors are firmly committed to ensuring that all funds administered by the school on their behalf are used in such a way as to maximise return whilst minimising risk. Investment of surplus funds is not considered a primary activity for the school, but is an effective way of maximising school assets.

- 7.13 All bank accounts should only be opened with an FSA Approved provider and included in the Financial Services Compensation Scheme (FSCS).
- 7.14 Governors will seek to ensure that any cash not required for operating expenses is invested in a low risk higher interest rate account. Arrangements for deposits may include, but are not limited to Treasury Bonds and Fixed Term Higher Interest Money Market Deposit Accounts.
- 7.15 Deposit account providers must be selected from the FSA Approved List included in the Financial Services Compensation Scheme (FSCS).
- 7.16 Where significant funds have been accumulated that are not required in the short term for operational expenses, or as part of a planned surplus for a specific project, governors may consider the investment of these funds in order to generate a longer term income or capital fund.
- 7.17 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

8. Fixed Assets

Definition

- 8.1 International Accounting Standard (IAS) 16 defines Fixed Assets as “assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably”.

The reason why it is important to manage the fixed assets of the school correctly is to ensure that the school's balance sheet correctly reflects our assets and liabilities and the assets of the school are managed to maximise their benefit to the education of students.

Asset register

- 8.2 All items purchased with a value over the Academy's capitalisation limit must be entered in an asset register. The asset register should include the following information:
 - a. Asset description
 - b. Asset number (if available)
 - c. Serial number (if available)
 - d. Date of acquisition
 - e. Asset cost
 - f. Source of funding (% of original cost funded from DfE grant and % funded from other sources)
 - g. Expected useful economic life
 - h. Depreciation
 - i. Current book value
 - j. Location (if applicable)
 - k. Name of member of staff responsible for the asset (if applicable)
- 8.3 The Asset Register helps:
 - a. Ensure that staff members take responsibility for the safe custody of assets
 - b. Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
 - c. To manage the effective utilisation of assets and to plan for their replacement
 - d. Help the external auditors to draw conclusions on the annual accounts and the Academy's financial system
 - e. To support insurance claims in the event of fire, theft, vandalism or other disasters
- 8.4 Assets excluded from the fixed asset register are “current assets” and “stock” that includes debtors. Current Assets include cash and bank balances that are controlled through reconciliation to control accounts on a regular basis, as described elsewhere in the document.

Accounting for Assets

- 8.5 Fixed Assets are defined in one of the following categories:
- a. Property (Land and Buildings) - (Differentiated between freehold and leasehold)
 - b. Furniture & Office Equipment
 - c. Motor Vehicles
 - d. Computer Equipment & Software
 - e. Assets under construction (where appropriate)
- 8.6 The appropriate accounting transactions are processed for all capitalised assets and recorded on the Fixed Asset Register. Transactions will be recorded within the Fixed Asset Fund account in addition to the transaction to the Balance Sheet.
- 8.7 Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. Groups of assets will use the same method of depreciation as determined by the Academy Depreciation and Capitalisation Policy.

Security of assets

- 8.8 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 8.9 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

Disposals

- 8.10 Items that are to be disposed of by sale or destruction must be authorised as per agreed authorisation levels and the Asset Disposal Form completed accordingly.. Where significant, items should be sold following competitive tender / auction. The Academy must seek the approval of the DfE / ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 8.11 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 8.12 The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE / ESFA a proportion of the sale proceeds.
- 8.13 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

- 8.14 Items of Academy property must not be removed from Academy premises without the authority of the Senior Finance Officer or IT Manager. A record of the loan must be recorded in the loan book, located in the Finance Office / ICT Office and booked back in when the item is returned.
- 8.15 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

Depreciation

- 8.16 Depreciation is provided as detailed below, on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

- Furniture and Equipment: 20% Straight Line
- Computers: 33% Straight Line
- Motor vehicles: 25% Reducing Balance
- Freehold/Leasehold buildings: 50 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Depreciation values for new assets will be time-apportioned based on the numbers of months passed since the purchase date (including the month the asset was acquired).

Capitalisation

- 8.17 Fixed Assets costing less than £1000 are written off in the year of acquisition. All other Fixed Assets in excess of this sum are capitalised on the balance sheet.

9. Reserves

Holding Reserves

- 9.1 The Governors recognise the need to maintain a reserve to support:
- a. The need for working capital
 - b. Unexpected expenditure due to risks materialising
 - c. Short-term shortfalls in income if payments from income sources were delayed or incorrect.
 - d. Future budget shortfalls due to falling pupil numbers.
- 9.2 The main reason for maintaining reserves is to support significant unforeseen risks that materialise, or risks that had been identified but materialise despite mitigations that have been put in place. A prudent level of resources from the General Annual Grant, the General Non-GAG Restricted Fund and the General Unrestricted Fund will be carried forward as a risk budget but to also support major capital developments.
- 9.3 The amount to be carried forward from the General Annual Grant may be subject to restrictions stipulated by the DfE / ESFA.

Level of Reserves

9.4 Balancing the risks associated with a site and facilities that has suffered from under-investment in recent years and the need to maintain the operation of the school, the total reserves across the three funds should be maintained at a minimum figure of the equivalent of one months GAG income for that academic year.

- 9.5 If the level of reserves increase unexpectedly, the governors would seek to invest the funds in capital improvements for the benefit of the school.
- 9.6 The minimum reserve should be maintained where possible and not used for standard operational expenditure. The reserve is held to meet the objectives described above and as such should only be drawn from in the event of a risk materialising or a short term shortfall in income to meet expenditure.

Investments

- 10.1 The Governors' Finance Committee aims to manage the cash balances of Great Torrington School to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

In addition, the Finance Committee aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is an absolute minimum risk to the loss of these cash funds.

- 10.2 Regular cash flows are to be monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in interest bearing deposit accounts with any of the following banks:

- Lloyds
- Barclays
- RBS Group
- HSBC
- Santander
- TSB

Where robust financial monitoring indicates the availability for cash funds for investment identified proportions of the surplus may be invested for periods of between 4 weeks and 1 year provided that funds can be withdrawn before the investment term albeit with an interest penalty.

Periodically (at least every 3 months) the CFO will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy.